

California Solar Initiative



Solar energy is one of California's most abundant renewable resources. California set a goal to create 3,000 megawatts of new, solar-produced electricity by 2017—moving the state toward a cleaner energy future and lowering the cost of solar systems for consumers.



The California Public Utilities Commission (CPUC) has instituted performance-based incentives. This approach rewards the best designed and functioning solar installations, while also encouraging energy efficiency upgrades.

As of January 1, 2008, incentives for all solar energy systems greater than 50 kW are paid monthly, based on the actual energy produced for a period of five years (performance-based).

Systems less than 50 kW can elect to receive a one-time, up-front incentive based on expected system performance. In 2010, this threshold will drop from 50 kW to 30 kW. Ten percent of program funds are allocated for solar installations in low-income and affordable housing.

To maximize energy resources, the Public Utilities Commission and Energy Commission coordinate the California Solar Initiative with the state's energy efficiency, "smart" metering, and building standards programs.

Today, thousands of Californians power their homes and businesses with solar electric systems. To ensure these numbers continue to increase, the California Energy Commission has allocated \$400 million over 10 years to encourage solar installation during new home construction, through its New Solar Homes Partnership. This collaborative effort is an important part of California's goal to make all new residential construction "zero net-energy" by 2020.

The California Solar Initiative offers cash incentives for installing solar systems. These incentives, combined with federal tax incentives, can cover up to 50 percent of the total cost of a solar system. This ambitious program represents the third largest solar incentive program in the world. California Senate Bill 1 fixed this initiative as state law, establishing the comprehensive solar policy package through the full state Assembly with strong bipartisan and public support. The CPUC, as the lead agency for incentives for solar installations, will provide over \$2 billion in incentives over the next decade for existing residential homes and existing and new commercial, industrial, and agricultural properties. The overall goal is to help build a self-sustaining market for solar power.

The California Solar Initiative offers:

- For small systems up to 50 kilowatts in size, the program has moved through Steps 2 and 3 in some service areas and is currently offering Step 4 incentives at \$1.90 per watt. Up-front PV incentives initially started at \$2.50 per watt for systems up to 100kW. Incentives decline as the number of MWs in program grows (see chart on back).
- For larger systems ranging from 50 kilowatts to 1 megawatt in size, the program is currently offering Step 4 incentives at \$0.26 per kWh. These performance-based incentives started at \$0.39 per kilowatt-hour of electricity generated by the solar PV system. Smaller systems can elect to receive the performance-based incentive instead of the up-front incentive if they choose. Systems may be sized up to 5 MW, but only the first MW is eligible for incentives.
- Funds for solar installations for existing and new low-income and affordable housing.
- A pay-for-performance incentive structure to reward high-performing solar projects.

In January 2008, all publicly-owned electric utilities were expected to join California's investor-owned utilities in adopting, implementing, and financing a solar PV incentive program.

For more information visit:
www.gosolarcalifornia.ca.gov

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GOALS:

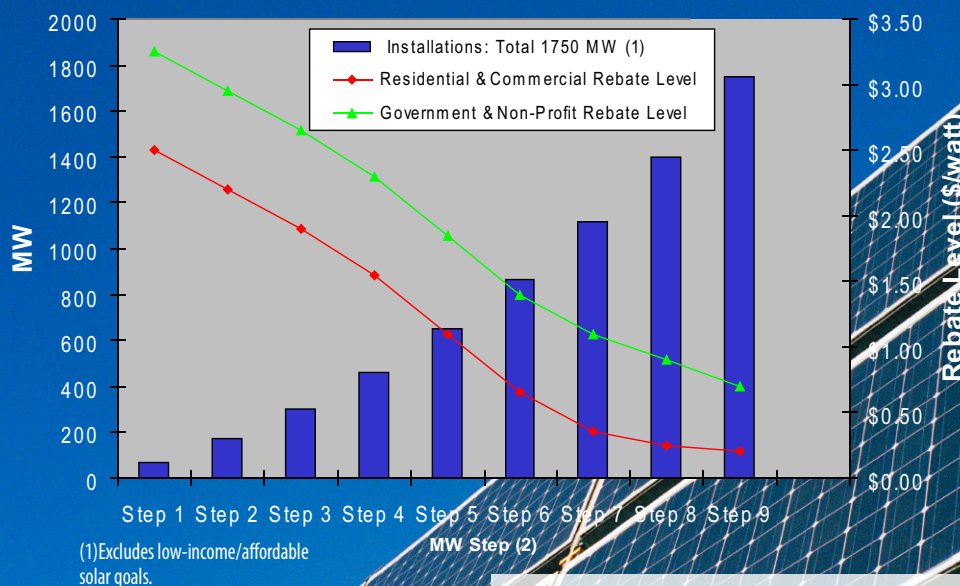
- Consumers purchase 3000 MW solar
- Self-sustaining market by 2016

2007 RESULTS:

- 7,541 applications submitted (representing 208.6 MW)
- 2,179 projects installed and operating (representing 17.9 MW)

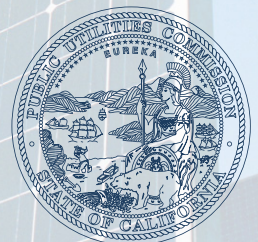
Program Authority	CPUC	California Energy Commission	Publicly Owned Utilities
Budget	\$2.167 billion	\$400 million	\$784 million
Pro-rata MW Solar	1940 MW	360 MW	700 MW
Scope	All in investor-owned utility areas except new homes	New homes, investor-owned utility areas	All in publicly-owned utility areas
Audience	Various	Builders, buyers	Various
Begins	January 2007	January 2007	January 2008

CSI Incentives Decline as the Number of MWs in Program Grows



CPUC's California Solar Initiative Audiences:

- Existing residential buildings
 - Single-family homes
 - Low-income / affordable housing
 - Multi-family apartments
- All commercial buildings
 - Office and retail
 - Schools
 - Government buildings
- All industrial facilities
 - Warehouses
 - Manufacturing
- All agricultural facilities



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